

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-09 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: EAIR, IR

SUBJECT: CIVAIR - IRANIAN INTEREST IN PAN AMERICAN

REF: TEHRAN 1739

1.DEPARTMENT POUCHING COPY OF 25 PAGE STATUS REPORT WHICH POST MAY PASS ON TO SAMII. EMBASSY SHOULD INFORMALLY ADVISE GOI THAT SEVEN POINT ACTION PROGRAM OBVIOUSLY WILL NOT GUARANTEE OF FINANCIAL SUCCESS OF PAA. SEVEN POINT ACTION PROGRAM INVOLVES A NUMBER OF PROPOSALS SOME OF WHICH REQUIRE USG ACTIONS WHILE OTHERS ARE DEPENDENT ON AIRLINE SELF HELP MEASURES. MOREOVER, SOME ITEMS ARE DESIGNED TO PROVIDE SHORT TERM FINANCIAL RELIEF (SUCH AS HIGHER AIR FARES TO MEET FUEL COSTS) WHILE THE EFFECTS OF OTHERS WILL BE FELT ONLY OVER THE LONG TERM. ALSO, IT SHOULD BE NOTED THAT IT IS NOT POSSIBLE FOR USG TO QUANTIFY THE RESULTS OF THE ACTION PROGRAM EITHER RETROSPECTIVELY OR PROSPECTIVELY. IN ANY EVENT WE SUGGEST THAT PAN AM IS IN LIMITED OFFICIAL USE

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BETTER POSITION TO ASSESS RESULTS OF PROGRAM.

2. FOLLOWING IS SUMMARY OF MAIN POINTS CONTAINED IN DOT STATUS REPORT ISSUED FEB 10, 1975 ON SEVEN POINT FEDERAL ACTION PLAN.

COMPENSATORY FARE STRUCTURES- COMPENSATORY CHARTER RATE GUIDELINES WERE ESTABLISHED BY THE CAB BUT THEY HAVE SINCE WITHDRAWN THEIR ORDER. CRITERIA FOR DETERMINING IF CHARTER RATES ARE COMPENSATORY IS STILL UNDER CONSIDERATION BY DOT.

THERE HAVE BEEN SEVERAL FUEL RELATED INCREASES IN IATA FARES AND RATES. THE JANUARY 27 FARE PROPOSAL FOR THE NORTH ATLANTIC IS PRESENTLY UNDER REVIEW.

FARE STRUCTURE AND LEVELS IN THE U.S. MAINLAND TO HAWAII, AND U.S. MAINLAND TO PUERTO RICO/VIRGIN ISLANDS HAVE BEEN THE SUBJECT OF AN INVESTIGATION AND LOAD FACTOR STANDARDS HAVE BEEN ESTABLISHED FOR THOSE MARKETS.

MILITARY AIRLIFT COMMAND (MAC) RATES HAVE BEEN ADJUSTED UPWARD SEVERAL TIMES BY IMPOSITION OF FUEL SURCHARGES. ON JANUARY 17, 1975, THE CAB INCREASED MINIMUM MAC RATES FOR LONG RANGE CATEGORIES A AND B BY 10.5 PERCENT FOR ONE WAY TRIPS AND 15.68 PERCENT FOR ROUND TRIP FLIGHTS.

REDUCTION OF EXCESS CAPACITY- SEVERAL STEPS HAVE BEEN TAKEN TO REDUCE EXCESS CAPACITY. THE BOARD HAS APPROVED SEVERAL CAPACITY AGREEMENTS BETWEEN U.S. AND FOREIGN CARRIERS. AN AGREEMENT BETWEEN TWA AND SWISSAIR IS AWAITING APPROVAL BY THE CAB. SEVERAL DISCUSSIONS HAVE BEEN HELD WITH SCANDANAVIAN AND EUROPEAN COUNTRIES IN AN EFFORT TO FGET FOREIGN CARRIERS TO REDUCE CAPACITY. ADDITIONAL MEETINGS WILL BE HELD IN THE FUTURE.

THE CAB HAS GRANTED A TEMPORARY EXEMPTION TO ALLOW CERTAIN CARRIERS TO FLY MILITARY CHARTER PASSENGERS ON SCHEDULED FLIGHTS. DOT IS REVIEWING THIS PRACTICE WITH THE INTENT TO FILE FOR APPROVAL BEYOND MARCH 31 IF THEY FIND THAT CONTINUATION IS IN THE PUBLIC INTEREST. LIMITED OFFICIAL USE

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TARIFF ENFORCEMENT- THE INTERNATIONAL FAIR COMPETITIVE ACT SIGNED BY PRESIDENT FORD ON JANUARY 3, 1975 STRENGTHENED SECTIONS OF THE FEDERAL AVIATION ACT ON OBSERVANCE OF TARIFFS AND PROHIBITIONS OF REBATES, HOWEVER, DOT INTENDS TO PROPOSE ADDITIONAL LEGISLATION TO OUTLAW SPECIFIC PRACTICES OF DISCOUNTING AND REBATING AND SUBJECT VIOLATORS TO STIFF CRIMINAL PENALTIES. A DOT SPONSORED

STUDY OF THE U.S. TRAVEL TRADE INDUSTRY HAS BEEN COMPLETED
AND THE FINAL REPORT SHOULD BE AVAILABLE EARLY IN MARCH.

FLY U.S. FLAG POLICY- THE ACTION PLAN TO PROMOTE A U.S.
FLAG POLICY HAS BEEN COMPLETED AS FAR AS GOVERNMENT
FUNDED TRAVEL IS CONCERNED. DOT WILL CONTINUE TO

DEVELOP THE FLY U.S. FLAG POLICY WITHIN THE PRIVATE
TRAVEL SECTOR AND MONITOR THE RESULTS.

COMPENSATORY MAIL RATES - SEVERAL FUEL RELATED INCREASES
IN MAIL RATES HAVE BEEN APPROVED BY THE CAB. THE CAB
RECENTLY ISSUED NEW TEMPORARY MAIL RATES PENDING CON-
CLUSION OF ITS MAIL RATE INVESTIGATION. DOT IS INITIATING
ITS OWN STUDY OF INTERNATIONAL AIR FREIGHT, MAIL AND
PASSENGER COSTS.

DISCRIMINATORY PRACTICES - BILATERAL TALKS WITH AUSTRALIA
ON POSSIBLE EXCESSIVE USER CHARGES HAVE BEEN HELD AND
FUTURE TALKS ARE SCHEDULED.

DOT HAS INITIATED A SURVEY OF CHARGES MADE BY FOREIGN
INSTITUTIONS FOR THE USE OF AIRPORT AND AIRWAY SERVICES.
DISCUSSION WITH COUNTRIES THAT MAY BE DISCRIMINATING
AGAINST U.S. AIRLINES WILL BE HELD AS APPROPRIATE.

RATIONALIZED ROUTE STRUCTURE- DOT IS CONSIDERING FILING
A MOTION WITH THE CAB TO REQUIRE CARRIERS TO SHOW
CAUSE AS TO WHY SERVICE ON UNECONOMIC ROUTES SHOULD NOT
BE SUSPENDED. PAN AMERICAN AND TWA HAVE AGREED TO
TRANSFER CERTAIN ROUTES AND SUSPEND SERVICE AT CERTAIN
LOCATIONS. THE AGREEMENT HAS BEEN APPROVED BY THE CAB.
ALSO PAN AM AND WESTERN AIRLINES HAVE FILED A ROUTE
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TRANSFER AGREEMENT AND THE CAB ADMINISTRATIVE LAW JUDGE
HEARING THE CASE HAS RECOMMENDED APPROVAL. PAN AMERICAN
HAS RECENTLY ASKED FOR APPROVAL TO SUSPEND SERVICE
AT CERTAIN LOCATIONS IN THE CARIBBEAN AND AT FAIRBANKS,
ALASKA. KISSINGER

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